

Skarda, Susan

5

From: Donahue, Lauri
Sent: Friday, March 24, 2000 2:02 PM
To: Litvack, Mark; Jacobsen, Ken; Hirsch, Ric; Kutner, Emily
Subject: 'Loopholes' (APEX)



'Loopholes'.htm

More about APEX.

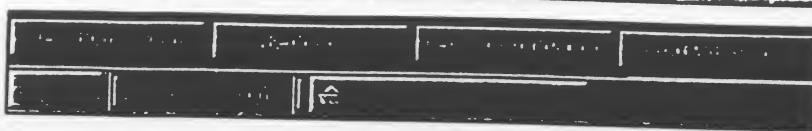
The author makes the following assumption, that I don't think has been established by the courts:

"You could also copy the movie to videotape, which--if you sold the copy--would be illegal. **But keeping a backup copy for personal use is legal;** so is using excerpts of a copyrighted work for artistic, educational or commentary purposes in your own work, what the law calls "fair use." Macrovision (also standard on most VHS releases) prevents both piracy and these legal uses."

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Business

Now Showing on DVD: 'Loopholes'

By Daniel Greenberg
 Special to The Washington Post
 Friday, March 24, 2000; Page E11

The Apex AD-600A DVD player has an advertised feature that sets it apart from the competition: the ability to play back MP3 files recorded on a CD. It also has a hot unadvertised feature that, again, sets it apart from the rest of the market: the ability to access a secret menu and use it to shut off most of the standard copy-protection features on DVD movies.

Both--as well as the cheap price of \$180--help explain why Circuit City, the only retailer to carry this player, has been having a hard time keeping it in stock.

The MP3 playback feature is quite handy, no doubt--between 12 and 15 CDs' worth of music will fit on a single CD-ROM in MP3 format. But the "Loopholes" menu is the real draw here. With this, a user can disable three key DVD features: the Macrovision copy protection that garbles any videotape copy of a disc, the CSS copy protection that keeps the disc from playing in a non-licensed player (the least useful trick of the bunch), and the region encoding that allows movie studios to control a film's distribution by making international releases unplayable in a U.S.-purchased player. So, for instance, with the Apex player, you could watch the European version of Stanley Kubrick's "Eyes Wide Shut," which omits the electronic alterations to an orgy scene that Kubrick put in to keep an R rating for the U.S. release.

You could also copy the movie to videotape, which--if you sold the copy--would be illegal. But keeping a backup copy for personal use is legal; so is using excerpts of a copyrighted work for artistic, educational or commentary purposes in your own work, what the law calls "fair use." Macrovision (also standard on most VHS releases) prevents both piracy and these legal uses.

Some first-generation DVD players also allowed hacks like this, but the Apex is the first in a while to make these options available through the right sequence of taps on the remote. "I don't know how it got in there," said Colton Manley, director of public relations for Ontario, Calif.-based Apex Digital. "We're trying to find out." The units are manufactured at a plant in China, then imported by Apex.

It took little time for the secret to wind up on the Web, where full-color, step-by-step instructions have been published (<http://www.nerd->

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out.com/apex). This leads to several questions: What are entertainment industry groups such as the Motion Picture Association of America (MPAA) doing about it? And why aren't professional manuals as clear and well designed as amateur how-to Web sites like this?

Rich Taylor, vice president for public affairs with the MPAA's Washington office, said that circumventing the protection circuitry would violate Apex's DVD licensing agreement and that the group is "contemplating legal actions that might be appropriate."

Bruce Turnbull, outside counsel to the DVD Copy Control Association--the trade group that licenses CSS, and which has been suing programmers who wrote a utility that breaks this encryption--said the DVD CCA is talking to Apex's manufacturer to "provide a plan for compliance."

Manley, in turn, said, "We're working with MPAA and Macrovision, looking for them to help us with changes." The company is revising the circuitry inside the unit so "it won't have any hidden menus."

To check things out firsthand, we bought a unit at the Circuit City Express in Georgetown. In our tests, MP3 CD-Rs sounded just fine on the Apex, but it played them in a strange order and compressed each song's file name to eight characters. As advertised, the secret menu popped up in just a few clicks of the remote control, and we were able to remove Macrovision encoding and make a flawless copy of a disc to videotape. We didn't have any non-U.S. discs with which to test the disabling of region encoding; turning off CSS digital encoding, meanwhile, gave us a blank screen and choppy audio.

As a DVD player, it comes quite well equipped, with both S-video and component-video outputs (the latter are a videophile extra generally confined to high-end TVs). It's also karaoke-compatible, with two microphone inputs on the front. Notwithstanding worries that the low price meant low quality, the unit seemed as sturdy as the next player. Only the remote looked cheap.

Apex's Manley said he expects the revised, secret-menu-free players to reach stores from three weeks to 30 days from now. Meanwhile, the hardware continues to fly off Circuit City's shelves; yesterday, the company's Web site urged, "Get yours now while supplies last!"

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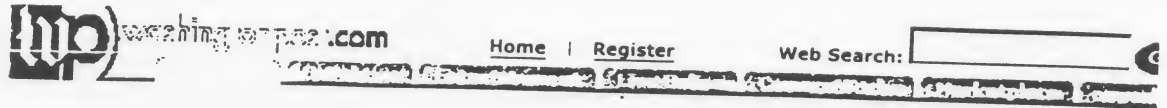
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